

# Kentucky Agricultural Development Fund Update

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Ernie Fletcher, Governor  
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## Message from Governor Fletcher

**A**griculture in Kentucky has truly shaped who we are. It has engrained in Kentuckians, a strong work ethic, an undeniable sense of self-reliance and an appreciation for the beautiful landscapes of the Commonwealth. Whether farmers or not, Kentuckians have a pride and appreciation for the role agriculture has played and will continue to play in our great state's history. But where we have a proud heritage in our past, I believe Kentucky's agricultural community will see an even brighter future.

To ensure agriculture remains a vital part of our state's economy, we must maintain our commitment to Kentucky's farmers. Farmers make a tremendous economic impact in every area of Kentucky and it is imperative that we continue to provide the funding and incentives necessary for them to remain on the farm.

As part of this commitment, we must take into consideration the current budget situation our administration has inherited. My commitment will be to ensure that 50% of the Tobacco Settlement Fund is committed to the Agricultural Development Fund, and that we will replace

\$17 million that was taken from the Kentucky Agricultural Finance Corporation, by a bond issue which is part of my budget proposal. These funds can then be used to improve the value-added program and the further processing of agricultural products. Even in these times of great fiscal difficulties, I believe it is imperative that we remain committed to the future of agricultural diversification and continuing the achievements the agricultural community has made in recent years.

I believe it is vitally important to help our farmers by making a greater commitment to preserving your way of life and making it a way of life that keeps your children home. It is not only a commitment that we must make to our farmers but also a commitment that must be made to all of Kentucky. Our heritage is built on farming and it is something that we are proud of. We can and will be proud of it for generations, and the Fletcher/Pence administration is committed to ensuring this becomes a reality.

Governor Ernie Fletcher

### *Cultivating rural prosperity*

#### **NEXT ADB MEETING:**

*Feb. 20—  
Board Review, 9:30 a.m.  
Board Meeting, 1:00 p.m.  
KY History Center  
(Frankfort)*

#### **INSIDE THIS ISSUE:**

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## New Policies and Procedures

**W**ith the New Year comes new ways of doing things. In an effort to streamline processes and keep better accounting of the public dollars we administer, the Governor's Office of Agricultural Policy has developed new policies and procedures, regarding model program agreements and how money is transferred.

### ***Program Completion***

Legal agreements for **model programs** will now end one year from the date the agreement is executed (signed by the Executive Director of the Governor's Office of Agricultural Policy). Once the agreement is signed in our office, a letter specifying the ending date of the agreement and a copy of the executed agreement will be sent to the administrator.

At the end of the agreement, any remaining funds shall be sent back to the Agricultural Development Board [checks payable to "Kentucky State Treasurer"]. Also at this time, the program reconciliation procedures, below, become effective.

No deadline extensions will

be given. If the administrator needs time for additional signups, then they will need to submit a new model program application for funds.

### ***Program Reconciliation***

Reconciliation reports are due within 60 days of the ending date of the model program agreement. The reconciliation report consists of the summary sheet and the detail for any payments since the last quarterly report submitted. Also, a copy of the final bank statement and the account ledger (as applicable) needs to accompany the report, as well as a check for any balance of funds for the project.

This procedure does not negate any performance reporting required for close out, which could come at a future date, depending on the program. Revised close out reports will be available early this Spring.

### ***Transfers between Model Programs***

There are several occasions when program administrators need to transfer committed funds between model programs.

For state accounting and au-


ditating purposes, funds to be transferred out of a model program must have a check remitted to the Agricultural Development Board and a new check will be issued to the program receiving the transferred funds. This is regardless if the same administrator handles both programs.

Agricultural Development Fund checks are now being processed in-house, directly with the State Treasurer's Office. Therefore, turnaround time has significantly decreased and checks are being delivered faster.

To request a transfer, the administrator needs to submit:

- 1) a Proposal Cover Sheet,
- 2) a letter requesting the transfer,
- 3) a County Priority Sheet with original signatures, and
- 4) A Check for the Amount of the Transfer Out

Checks should be made payable to *Kentucky State Treasurer*.

Call or E-mail our office with any questions about these changes. 

**ATTENTION: County Council Member Terms Expire June 30, 2004**

## ADF Board Meetings in Review

**A**t its January meeting, the Kentucky Agricultural Development Board approved over \$2.19 million in diversification projects for Kentucky agriculture.

Five non-model projects were approved for \$884,811 in state, \$23,325 in KCADE, and \$126,000 in county funds. These projects ranged in scope from a small scale poultry processing facility to a feasibility study for shiitake mushrooms.

The balance of funds approved were for the eight county model programs. County model programs are designed to provide farmers with cost-share funding to allow them to improve and diversify their current production practices.

### Agricultural Diversification

\$147,500 / 4 counties

### Fencing Improvement

\$203,850 / 4 counties

### Forage Improvement

\$55,000 / 2 counties

### Cattle Genetics Improvement

\$ 78,900 / 4 counties

### Goat Diversification

\$ 41,500 / 2 counties

### Cattle Handling

\$157,011 / 5 counties

### Hay, Straw & Commodity Storage

\$422,977 / 6 counties

### On-farm Water Enhancement

\$50,000 / 1 county

The January meeting also marked the first meeting for newly elected Commissioner Richie Farmer. At the meeting, Commissioner Farmer and Deputy Commissioner Patrick Jennings presented the reorganization structure for the Kentucky Department of Agriculture.

Also at the meeting, suggested revisions to the eight county model programs were presented to the Board for their review in February.

## Suggested Program Revisions

### Ag Diversification -

adding swine as an investment area;

### Cattle Genetics - no

new applications to administer program after June 30, 2004;

### Forage - lime and fertilizer removed as eligible cost-share items;

### Handling - funding limits for each section

eliminated, an overall cost-share limit set;

### On-farm Water - permanent waterers and

fencing for water source added;

### Goat - dairy facilities

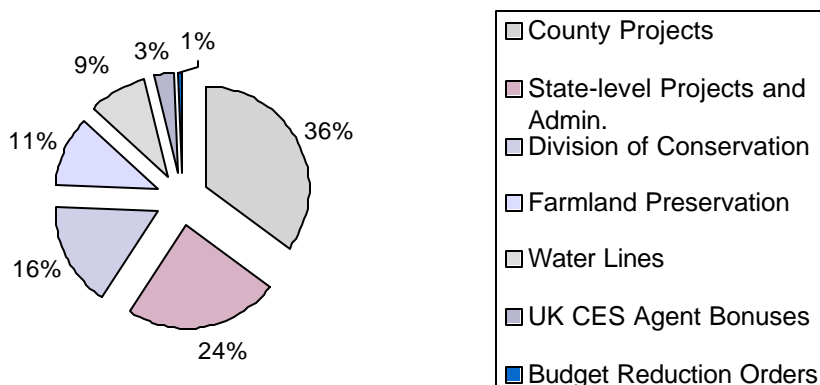
added;

### General Changes - fiscal

agents will be required to be bonded; specific timelines for advertising and accepting applications outlined; eligible items for administrative expenses outlined.

Comments or questions? Contact your District Project Analyst at (502) 564-4627.

Agriculture's 50% of MSA - 2004 Breakdown



## By the Numbers

**50**

Percent of  
Tobacco Settlement Funds  
Committed to Agriculture

**22,229,300**

Dollars Allocated for  
Environmental & Rural  
Initiatives for 2004

**19,092,500**

Dollars Allocated to  
Counties for 2004

**13,228,200**

Dollars Allocated to  
State Projects for 2004

**1,500**

Number of  
Proposals Approved  
to date

**148,000,000**

Dollars Approved for  
County, Regional and State  
Projects to date

**1,080**

Council Members and  
Agents committed to  
Kentucky's agricultural  
diversification efforts

**8**

Model Programs to assist  
individual producers

**1**

Commonwealth  
committed to diversifying  
tobacco dependent  
agriculture

## Revised Model Program Reporting Forms


**T**he current model program reporting forms have been revised for usability, consistency, and accuracy in data collection.

The forms are available on-line for administrator download (<http://agpolicy.ky.gov/funds/reporting.shtml>). Those who are able are encouraged to use the new forms for the reports due January 15. Otherwise, **all programs will be required to use the new forms beginning with 1st Quarter 2004, which is due April 15.**

Additionally, a new form for all shared-use equipment (model and

non-model) has been developed. There is also an audit sheet for administrative reference, but will not be turned in to this office.


Diskettes will be mailed to program administrators, so that everyone has the programs in electronic format, especially those without Internet access. If you are unable to complete the electronic forms, then please contact this office to discuss alternative options for submitting reports.

If you have any questions or comments about the revised forms, then E-mail our office ([govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov)) or call (502) 564-4627. 

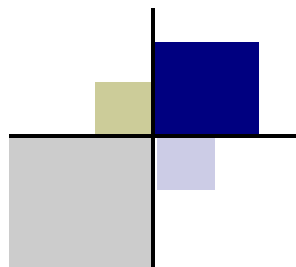
## Reduced Match for Model Programs

**A**t the January 2004 meeting, the ADB approved the idea of having an optional lower match limit for model programs of no less than 25% (details to be worked out, with the effective date being the date the model program revisions are approved). This would be optional

for all County Councils and would be set program-by-program.

There are many pros and cons, and **we would like to hear your opinion on this issue**. Please contact us at [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov) or call your District Analyst, (502) 564-4627. 

## Project Analysts by District



|              |   |
|--------------|---|
| District I   | Sandy Gardner ( <a href="mailto:sandrap.gardner@ky.gov">sandrap.gardner@ky.gov</a> )  |
| District II  | Brad Wellons ( <a href="mailto:bradleyd.wellons@ky.gov">bradleyd.wellons@ky.gov</a> ) |
| District III | Brad Wellons ( <a href="mailto:bradleyd.wellons@ky.gov">bradleyd.wellons@ky.gov</a> ) |
| District IV  | Stephen Yates ( <a href="mailto:stephenp.yates@ky.gov">stephenp.yates@ky.gov</a> )    |
| District V   | Maggie May (Lake Cumberland) / Bill McCloskey (Lincoln Trail)                         |
| District VI  | Bill McCloskey ( <a href="mailto:billb.mccloskey@ky.gov">billb.mccloskey@ky.gov</a> ) |
| District VII | Maggie May ( <a href="mailto:marjorier.may@ky.gov">marjorier.may@ky.gov</a> )         |

## SOYX Presentation



Left to right: Rep. Mike Denham, Sen. Charlie Borders, Rep. Robin Webb, Jim Meadows, Jennifer Meadows, Rick Lowe, and Donna Lowe

During a Farm Bureau Legislative Tour in Lewis County, Legislators took a moment to visit an exciting local project, **SOYX**. SOYX, based in Lewis County, is

a soybean extrusion operation, owned and operated by local residents Jim & Jennifer Meadows and Rick & Donna Lowe.

With the support of the Fleming and Lewis County Agricultural Development Councils, SOYX submitted an application for Agricultural Development Funds in 2001 and received a 50% cost-share grant, which consisted of \$89,562.55 in Lewis and \$181,839.13 in Fleming County Agricultural Development Funds. The funds were used to establish a local market for soybeans. The owners of SOYX recognized the need and opportunity to help pro-

ducers looking for alternative income sources to offset losses in tobacco income, as a result of tobacco quota reductions.

In creating a local market for soybeans, area producers will be able to realize a savings in transportation costs, translating into higher market prices for their crop. Local dairy and cattle producers also benefit from a locally produced soybean meal for use in value-added feed rations.

### ADF News Releases:

<http://agpolicy.ky.gov/news.shtml>

## GOAP Website Updates

### County Account Availability as of 1/16/2004 posted:

<http://agpolicy.ky.gov/funds/availability.shtml>

### ADF Board Meeting Details updated:

<http://agpolicy.ky.gov/board/meetings.shtml>

### KCA Annual Meeting Featured:

<http://agpolicy.ky.gov/>

### Model Program Reporting Forms:

[http://agpolicy.ky.gov/funds/program\\_reporting.shtml](http://agpolicy.ky.gov/funds/program_reporting.shtml)



## Upcoming Meetings

### Governor's Commission on Family Farms

Wednesday, Feb. 11, 9:30 a.m.

KDA Conference Room, Annex

### KY Agricultural Finance Corporation

Friday, March 12, 9:30 a.m.

Location TBD

### Tobacco Settlement Oversight Committee

Will resume again in April

If you wish to receive any of the documents mentioned in this newsletter either via fax or regular mail, please contact our office by e-mail, [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov), or by phone, (502) 564-4627.



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